

AK STEEL HOLDING CORPORATION
Fourth Quarter 2019
(unaudited)

Non-GAAP Financial Measures

In certain of its disclosures, the company has reported adjusted EBITDA, adjusted EBITDA margin and adjusted net income (loss) that exclude the effects of noncontrolling interests, costs associated with the closure of Ashland Works and pension settlement charges. The company believes that reporting adjusted net income (loss) (as a total and on a per share basis) with these items excluded more clearly reflects our current operating results and provides investors with a better understanding of our overall financial performance. Adjustments to net income (loss) do not result in an income tax effect as any gross income tax effects are offset by a corresponding change in the deferred income tax valuation allowance.

EBITDA is an acronym for earnings before interest, taxes, depreciation and amortization. It is a metric that is sometimes used to compare the results of different companies by removing the effects of different factors that might otherwise make comparisons inaccurate or inappropriate. The adjusted results, although not financial measures under generally accepted accounting principles (“GAAP”) and not identically applied by other companies, facilitate the ability to analyze the company’s financial results in relation to those of its competitors and to the company’s prior financial performance by excluding items that otherwise would distort the comparison. Adjusted EBITDA, adjusted EBITDA margin and adjusted net income (loss) are not, however, intended as alternative measures of operating results or cash flow from operations as determined in accordance with GAAP and are not necessarily comparable to similarly titled measures used by other companies.

Neither current nor potential investors in the company’s securities should rely on adjusted EBITDA, adjusted EBITDA margin or adjusted net income (loss) as a substitute for any GAAP financial measure and the company encourages current and potential investors to review the following reconciliations of adjusted EBITDA and adjusted net income (loss).

Reconciliation of Adjusted EBITDA

| (dollars in millions, except per ton) | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|--|-------------|---|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) attributable to AK Steel Holding | \$ (53.9) | \$ 33.5 | \$ 11.2 | \$ 186.0 |
| Net income attributable to noncontrolling interests | 9.0 | 8.6 | 51.8 | 58.1 |
| Income tax expense (benefit) | 3.5 | (2.2) | 6.2 | (6.2) |
| Interest expense, net | 34.4 | 38.0 | 145.7 | 150.7 |
| Depreciation and amortization | 49.1 | 58.7 | 209.8 | 237.0 |
| EBITDA | 42.1 | 136.6 | 424.7 | 625.6 |
| Less: EBITDA of noncontrolling interests (a) | 13.7 | 15.6 | 74.4 | 76.7 |
| Ashland Works closure | (8.1) | — | 69.3 | — |
| Pension settlement charges | 26.9 | 14.5 | 26.9 | 14.5 |
| Adjusted EBITDA | \$ 47.2 | \$ 135.5 | \$ 446.5 | \$ 563.4 |
| Adjusted EBITDA margin | 3.3% | 8.1% | 7.0% | 8.3% |

(a) The reconciliation of net income attributable to noncontrolling interests to EBITDA of noncontrolling interests is as follows:

| (dollars in millions) | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|----------------|-------------------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income attributable to noncontrolling interests | \$ 9.0 | \$ 8.6 | \$ 51.8 | \$ 58.1 |
| Depreciation | 4.7 | 7.0 | 22.6 | 18.6 |
| EBITDA of noncontrolling interests | <u>\$ 13.7</u> | <u>\$ 15.6</u> | <u>\$ 74.4</u> | <u>\$ 76.7</u> |

Reconciliation of Adjusted Net Income (Loss)

| (dollars in millions, except per share) | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|----------------|-------------------------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation to Net Income (Loss) Attributable to AK Steel Holding | | | | |
| Net income (loss) attributable to AK Steel Holding Corporation, as reported | \$ (53.9) | \$ 33.5 | \$ 11.2 | \$ 186.0 |
| Ashland Works closure | (8.1) | — | 69.3 | — |
| Pension settlement charges | 26.9 | 14.5 | 26.9 | 14.5 |
| Adjusted net income (loss) attributable to AK Steel Holding | <u>\$ (35.1)</u> | <u>\$ 48.0</u> | <u>\$ 107.4</u> | <u>\$ 200.5</u> |
| Reconciliation to Diluted Earnings (Losses) per Share | | | | |
| Diluted earnings (losses) per share, as reported | \$ (0.17) | \$ 0.11 | \$ 0.04 | \$ 0.59 |
| Ashland Works closure | (0.02) | — | 0.22 | — |
| Pension settlement charges | 0.08 | 0.05 | 0.08 | 0.05 |
| Adjusted diluted earnings (losses) per share | <u>\$ (0.11)</u> | <u>\$ 0.16</u> | <u>\$ 0.34</u> | <u>\$ 0.64</u> |